Permission to PSUs to raise foreign currency funds

37. SHRI SANJAY NIRUPAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government have allowed the Public Sector undertakings to raise foreign currency funds through the External Commercial Borrowing (ECB) route;

(b) if so, the details of such PSUs and the limits of the funds that can be raised by the PSUs;

(c) whether it would lead to a rise in rupee liquidity; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) All Corporates (both public as well as private companies) registered under the Companies Act except financial intermediaries (such as banks, Financial Institutions, Housing Finance Companies and Non-Banking Finance Companies) are eligible to raise foreign currency loans under the current External Commercial Borrowings (ECB) guidelines, subject to their proposal being in conformity with extant guidelines.

In terms of the current ECB guidelines, eligible borrower can raise ECB up to USD 500 Million during a financial year under the automatic route window. Cases falling outside of the purview of automatic route are considered under the approval route window of RBI on a case to case basis.

In addition, financial institutions dealing exclusively with infrastructure or export finance such as IDFC, IL&FS, Power Finance Corporation, Power Trading Corporation, IRCON and EXIM Bank are considered on a case to case basis by RBI. Banks and Financial Institutions which have participated in the textile or steel sector resturcturing package as approved by the Government are also permitted to raise ECB to the extent of their investment in the package and assessment by RBI based on the prudential norms.

(c) and (d) Keeping in view the prudent external debt management policy of the country, ECB are permitted as an additional source of finance for the Indian corporates within an overall annual ceiling. The impact of ECB flows on rupee liquidity would also depend on whether the ECB proceeds are actually brought into India or directly spent abroad for the permitted end-use. As per the existing ECB guidelines, ECB proceeds are required to be parked abroad until actual requirements in India.

Statement

Details of rates and purposes for which surcharge of cess was levied since 1999-2000

Financial Year	Rate of Surcharge			Purpose for which Surcharge/ Cess was Levied
	Domestic Company	*Foreign Company*	*Individual & HUF*	
1999-2000	10%	Nil	10% if total income exceeded Rs. 60,000/-	Containing revenue and fiscal deficit.
2000-01	13%	Nil	(1) 12% if total income more than (i) Rs. 60,000/- but not more than (ii) Rs. 1,50,000/- (iii) (2) 17% iftotalincome exceed Rs. 1,50,000/- (iv)	10% surcharge for normal purposes. 2% surcharge for Gujarat earthquake. 1% surcharge on domestic companies for National Calamity Contingency Fund 5% surcharge on noncorporate tax-payers for additional defence expenditure due to attack at Kargil.
2001-02	2%	Nil	2% if total income exceeded Rs. 60,000/-	Gujrat earthquake.
2002-03	5%	5%	5% if total income exceeded Rs. 60,000/-	National security
2003-04	2.5%	Nil	10% if total income exceeded Rs. 8,50,000/-	No specific purpose
2004-05	2.5 % 2% Cess on tax+ surcharge	2.5% 2% Cess on tax+ surcharge	10% if total income exceeded Rs. 8,50,000/-2% Cess on tax+ surcharge	No specific purpose for surcharge. Cess of 2% for primary education and mid-day meal.